313 industries. These latter had previously worked very largely for Russian consumers, and it was only towards the end of the period that it became possible to find substitutes abroad for the loss of this market.

325 727 Latvia's metallurgical industry, which also had worked almost entirely for the Russian market, was perhaps more hardly hit than any other single industry in the Baltic States; for not only was this market no longer available, but in many cases plant had been destroyed or removed. To some extent it was possible to readapt the plant that remained for the manufacture of goods such as agricultural machinery (of which some was even exported to the U.S.S.R. under the Treaty of 1927[1]); but, in branches such as shipbuilding and the more elaborate types of engineering, it was obviously impossible, in the circumstances, to re-establish production on the pre-War basis. In this case Latvia, like Estonia, was compelled to face the fact that, for the most part, markets and means of purchasing raw materials had disappeared.

283 Similar difficulties were felt by the textile industry, which before the War had reached a high degree of efficiency; but, on the whole, adaptation to the new circumstances was more successful during the period. The industry, which is both absolutely and relatively smaller than that of Estonia, comprised cotton-spinning and weaving mills, some wool-weaving mills, and flax-spinning plant. Yet, though the capacity of the industry was probably large enough to supply the country's entire requirements, the high level of costs did not permit of this, and considerable imports of semi-manufactured and finished goods were required. Of the other more important industries, except for those connected with foodstuffs, may be mentioned the rubber industry, consisting largely of the manufacture of goloshes. Many of these products were exported to neighbouring countries. The cork and linoleum industry also attained some importance during the period.

Estonia. Much of what has been said of Latvia applies also to 1211 Estonia. Here the textile industry continued to be the most important branch. The difficulties already mentioned were met to some extent by the renovation and conversion of plant for processes, such as bleaching, dyeing, and printing, which had not been undertaken before the War. By these means it was possible, during the period, to obtain a footing in foreign markets, particularly in the Baltic countries, but also in more distant markets such as the Balkan States. Yet the total of persons employed in the two cotton mills in Estonia during 1925 was only 5,000, whereas before the War the Krainholm mill alone had employed 13,000. Much success was

[1] See below, p. 127.

obtained in the flax-spinning and weaving industries, which were 288
able to export during this period.

The timber industries, which include sawmills and veneer and 313
boxwood factories, are very similar to those of Latvia, and similar conditions apply; but during these years Estonia began to specialize in the production of plywood. In this, British capital is interested through Venesta Ltd. There is also an important match industry, and a comparatively large cellulose factory at Tallinn. The paper and pulp industry suffered considerably from the War, but had begun to recover by 1929. The metal and machinery industries of Tallinn 325
suffered in the same way as those of Riga, though the depredation 727
and devastation caused by the War was perhaps less severe. But, 396
whereas before the War nearly 20,000 men were employed in the principal shipyards and engineering works of that centre, the difficulty of paying for raw materials and the loss of the Russian market brought plant almost to a standstill. Several factories were eventually adapted to produce goods for the home market, but during the period the industry as a whole was rarely working to more than about 20 per cent. of capacity.

Apart from the foodstuffs industry the only other industry of 382
importance in Estonia was that connected with shale. It has been [735]
estimated that workable strata cover an area of about 2,400 square km., and that reserves amount to over 5,000 million tons. These reserves were by no means fully exploited during the period, but a beginning was made in using the cheap form of fuel provided by oil-shale for a number of industries and public utilities, such as gas-works and the railways. Moreover, the ashes which remain from oil-shale [339]
after carbonization can be used, when ground, as a binding material for building purposes; and, as a result, the quality of Estonian cement acquired a wide reputation. It is also possible to extract a liquid oil from oil-shale, and a plant, which began to operate in 1925, was set up for this purpose. The oil so obtained is refined into a number of different types of spirit such as benzine, gasoline, and lubricating oil; and its commercial use became possible during the period. Fin- [439]
ally, it may be mentioned that the British firm, New Consolidated Goldfields Ltd., has been interested in the production of oil from shale for some years.

Lithuania. Before the War Lithuania had no manufacturing in- 438
dustries comparable with those of Estonia and Latvia. Most were connected with the preparation of foodstuffs, tanning, or the manufacture of bricks, glass, and pottery; there was a timber industry, but this was on a much smaller scale than that of the two other countries. There were also two comparatively large ironworks (Schmidt Bros. and Tillmann Bros.) manufacturing nails, locks,